INVESTOR RELATIONS RELEASE

On 27 October 2017, Yapı Kredi announced its consolidated results for the nine months of 2017 based on Turkish accounting standards and Banking Regulation and Supervision Agency's guidelines. The Bank's cash and non-cash loans reached TL 267.2 billion, while total deposits materialised at TL 165.0 billion. The Bank's net income (adjusted for the Visa sale gains in the second quarter of 2016) increased by 27% year-over-year and reached TL 2,735 million indication return on average tangible equity of 14.0%. Quarterly net income was recorded at TL 841 million.

Capital ratios supported by the ongoing internal capital generation

The capitalization of the Bank continued to improve during the nine months of 2017 through internal capital generation on the back of profitability acceleration. Consolidated Capital Adequacy Ratio increased 53 basis points year-to-date to 13.8% and Common Equity Tier-1 ratio also increased 52 basis points to 10.3%.

Balanced and Selective volume growth

Yapi Kredi achieved 8% year-to-date growth in performing loans to TL 190.6 billion. Loan growth was well diversified among segments with the commercial loan growth being supported by the effective utilization of Credit Guarantee Fund as well as the increase in retail loans. The Bank's deposits grew by 5% year-to-date and reached TL 165.0 billion. Accordingly, loan-to-deposits plus TL bonds ratio stood at 112%. Yapı Kredi's market share, among private banks, in loans and deposits was recorded at 16.0% and 15.4%, respectively.

In terms of funding, the Bank successfully renewed its syndicated loan in October 2017 with the participation of 37 banks from 17 countries and a roll over ratio of 113%. The facility has US$311.3 million and €699.7 million tranches with one-year of maturity at a cost of Libor+1.35% and Euribor+1.25% per annum, and US$100 million and €100 million tranches with two-year of maturity at a cost of Libor+2.20% and Euribor+2.10%.

Strong profitability through core business activity and cost elimination efforts

In the first nine months of 2017, Yapı Kredi increased its total revenues (adjusted for Visa sale gain in 2016) by 10% year-over-year driven by double digit growth in both net interest income and fees. On the other hand, continued discipline in cost management was evident with cost growth contained at 5% compared to inflation of 11.2%. Accordingly, cost/income ratio was recorded at 41% levels. Even with the strengthening in the coverage ratio, the Bank's total provisions were at comfortable levels with a 1% year-over-year increase, leading to 29 basis points year-over-year improvement in cost of risk to 1.11%. Accordingly, net income (adjusted for Visa sale gain) increased by 27% over the first nine months of 2016 (Reported: +16% year-over-year) and the Bank achieved 14.0% return on average tangible equity.

Asset quality dynamics continued to improve

Non-performing loan ratio improved 48 basis points year-to-date to 4.3% in the first nine months of 2017 which was supported by sales of non-performing loan portfolios with a total amount of TL 1.6 billion. During this period, specific coverage ratio increased to 78% from 76% in 2016.